

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY *JJ*

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SECURITY INFORMATION  
DEPARTMENT OF STATE

POLICY PLANNING STAFF

May 1, 1982

To: *G* - Mr. Matthews

From: S/P - Mr. Ferguson *JAF*

Attached is the suggested basis for securing various estimates with respect to the development of capabilities on Formosa. I have talked with both Chip and John Allison about this matter and we are all agreed that it would be useful to secure this material before the NSC Senior Staff does any additional work on the Formosa problem.

Chip has suggested that we meet with you to determine how to proceed with this paper. Could you set up a meeting on Friday or Monday?

Attachment:

Cy #4 (2nd run) of S/P paper of 4-25-52, "Terms of Reference for State, Defense, JCS, CIA Discussions on Formosa".

cc: C-Mr. Bohlen  
FE-Mr. Allison

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S/P: JHFerguson:sg

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4/25/52

*Farbosa*

Terms of Reference for State, Defense, JCS, CIA

Discussions on Formosa

It would be helpful to obtain agreement from Defense, the JCS, and CIA that the NSC should request certain preliminary studies before an NSC paper on Formosa is prepared. The terms of reference for these studies might be as follows:

A. Assumptions

1. It is in the interest of the United States that the Chinese Government on Formosa develop the political and military capabilities to defend the island against Communist attack with a minimum of U.S. assistance.

2. It would be in the interest of the United States to develop the political and military capabilities of the Chinese Government, and the necessary supporting U.S. military capabilities, to a level which would make the Chinese forces on Formosa useful in such actions in the Far East as might be militarily advantageous in the event that general hostilities between the U.S. and Communist China should develop out of the present Far Eastern situation, provided that these capabilities can be developed without impairing other U.S. military programs of equal or greater importance.

3. It would be in the interest of the United States if the Chinese Government should regain control of the mainland

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3. It would be in the interest of the United States if the Chinese Government should regain control of the mainland of China provided that a) it <sup>is</sup> ~~were~~ feasible to develop the necessary political and military capabilities of the Chinese Government and the necessary supporting U.S. capabilities; b) these capabilities <sup>can</sup> ~~could~~ be developed without impairing other military programs of equal or greater importance; c) the

U.S. Government

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U.S. Government believed that the risk of Soviet reaction in the Far East or elsewhere could be safely accepted.

B. Studies

1. The JCS should provide answers to the following questions:

a. What is the feasibility of developing the necessary Chinese and supporting U.S. military capabilities under each of the three assumptions above?

b. What are the approximate military requirements and what is a rough estimate of the cost under each of the three assumptions?

c. What is the approximate time required to develop the military requirements under each of <sup>the</sup> three assumptions?

2. The Department of State should provide answers to the following questions:

a. How can the political capabilities of the Chinese Government be developed to meet the requirements of each of the three assumed courses of action?

b. How can the U.S. Government gain sufficient control of the policies of the Chinese Government to ensure that the latter will not involve the United States in military action before the United States desires such action to be undertaken?

3. The CIA should provide answers to the following questions?

a. Would a campaign limited in its initial phases to an effort to regain control of China south of the Yangtze

the Far East or elsewhere could be safely accepted.

B. Studies

1. The JCS should provide answers to the following questions:

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b. How can the U.S. Government gain sufficient control of the policies of the Chinese Government to ensure that the latter will not involve the United States in military action before the United States desires such action to be undertaken?

3. The CIA should provide answers to the following questions?

a. Would a campaign limited in its initial phases to an effort to regain control of China south of the Yangtze be likely to result in direct Soviet military action in support of the Chinese Communists or elsewhere?

b. What are the capabilities of the Chinese Communists to bring forces to bear against an attack on China south of the Yangtze assuming (a) Soviet aid in the form of supplies and equipment



SECURITY INFORMATION

-3-

and equipment only and (b) Soviet air support as well?

c. What support would the Chinese Government receive from the local Chinese population in the provinces south of the Yangtze? Elsewhere in China?

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1. Desirability of committing U.S. military power to overthrow, fragmentation, or splitting off from Kremlin of Chinese Communist regime.

U.S. policy with respect to Formosa, the Nationalist regime, and other non-Communist Chinese, must necessarily be closely related to general U.S. policy toward the Communist mainland. It is agreed (NSC 48/5) that it should be the policy of the United States to "detach China as an effective ally of the USSR and support the development of an independent China which has renounced aggression". Theoretically the achievement of this objective might be brought about through the overthrow, fragmentation, or splitting off from the Kremlin of the Chinese Communist regime. U.S. policy objectives with respect to Communist China are clear enough. The practical question that must be faced is whether the U.S. should now undertake to commit its own military power and resources to the attainment of these objectives. In this connection the following questions merit discussion:

- a. What are the courses of action and military requirements for U.S. hostilities against Communist China?
- b. What are U.S. capabilities at the present time for such hostilities?
- c. What would be the effectiveness of present U.S. capabilities if exercised against the Chinese Communists?
- d. What would be the effect on U.S. capabilities for global war of U.S. hostilities with Communist China? In terms of effect on other U.S. alliances? In terms of materiel? In terms of deployment of U.S. forces?
- e. On balance are hostilities with Communist China militarily desirable at this time?

2. Potential effectiveness of present U.S. policy toward Formosa.

Present U.S. policy toward Formosa can be summarized as follows: deny Formosa to any Chinese regime aligned with or dominated by the USSR; continue as long as required by United States security interests, the mission presently assigned to the 7th Fleet; prevent discussion of Formosa during political talks which will follow any truce in Korea; continue to provide military and economic assistance to the Nationalist Government on Formosa; encourage political change in the Nationalist regime which will increase its prestige and influence in China proper. In connection with present policy the following questions merit discussion:

- a. To what degree will the promise of continued military protection and continued political and economic support contribute to maintenance of morale of the Nationalist Government and armed forces?

b. To what

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- b. To what degree will it be possible to develop Nationalist military capabilities under this policy? Defensive? Offensive?
- c. What are the possibilities for developing a Formosan regime which will be economically sound and politically attractive to other Chinese under this policy?
- d. What are the possibilities for assuring availability of Formosan bases for possible U.S. military operations under this policy?

3. Desirability of altering present U.S. policy toward Formosa?

The principal possible revisions of U.S. policy which have been suggested are: a) remove the "neutralization" part of the present directive to the 7th Fleet; and b) U.S. support for return of the Nationalist Government to the mainland. In connection with these possible revisions of U.S. policy the following questions merit discussion:

- a. What capabilities do the Nationalists now have for effective operations on the mainland?
- b. What degree of direct U.S. support would be required for the Nationalists to undertake any sizeable operations?
- c. What are the risks that Nationalist action against the mainland would provoke Communist counteraction against Formosa?
- d. How would it be feasible for the United States to maintain a hands off posture towards Nationalist operations and at the same time protect Formosa from any Communist counteraction?
- e. To what degree do Nationalist visions of returning to the mainland as a consequence of U.S. hostilities with the mainland make it likely that the Nationalists might undertake irresponsible actions against the mainland in the hope of provoking U.S.-Chinese Communist hostilities?
- f. How greatly would a "removal of the wraps" contribute to the morale of the Nationalist Government and forces above a simple declaration of continued U.S. protection and support?
- g. What would be the international political effects of U.S. commitment to support the return of Chiang Kai-shek to the mainland? In the Western world? In Asia? In Communist China?
- h. What would be the utility, in terms of political

pressure



pressure on Chiang for effecting changes in his regime, or the U.S. committing itself to his return to the mainland at this time?

1. On balance what is the advisability of revising the directive to the 7th Fleet or of undertaking a commitment to return the Nationalists to the mainland?

S/P:CCStelle:hh  
4/8/52

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Policy recommendations on Formosa for discussion with JCS

The United States should:

1. Deny Formosa to any Chinese regime aligned with or dominated by the USSR, and, to this end
2. Continue as long as required by United States security interests the mission presently assigned to the 7th Fleet;
3. Prevent discussion of the future of Formosa in political talks which will follow a possible truce in Korea;
4. Inform the Chinese Government on Formosa that the U.S. is not presently considering any revision of the Mission of the 7th Fleet;
5. Continue to provide military and economic assistance to the Chinese Government on Formosa;
6. Encourage political changes in the Nationalist regime which will increase its prestige and influence on Formosa, among the overseas Chinese, and in China proper.

The United States should not:

1. Revise that part of the instructions of the 7th Fleet which is intended to prevent attacks from Formosa against the Chinese mainland;
2. Commit itself to the return of the Chinese Government to the mainland.

S/P:GUS:ellie:bk  
4/8/52